

City of Killeen
Special City Council Meeting
Killeen Utilities Collections Conference Room
September 18, 2018 at 5:01 p.m.

Presiding: Mayor Pro Tem Jim Kilpatrick

Attending: Councilmembers, Butch Menking, Juan Rivera, Gregory Johnson, Shirley Fleming, Debbie Nash-King, and Steve Harris

Also attending were City Manager Ronald L. Olson, Deputy City Attorney Traci Briggs, City Secretary Lucy Aldrich, and Sergeant-at-Arms Cole.

Absent: Mayor Jose Segarra

Approval of Agenda

Motion was made by Councilmember Nash-King to approve the agenda as written. Motion was seconded by Councilmember Menking. The motion carried unanimously.

Ordinances

OR-18-009 Consider an ordinance adopting the Annual Budget and Plan of Municipal Services for the City of Killeen for the fiscal year October 1, 2018, through September 30, 2019.

The City Secretary read the caption of the ordinance.

AN ORDINANCE APPROVING AND ADOPTING A BUDGET FOR OPERATING THE MUNICIPAL GOVERNMENT OF THE CITY OF KILLEEN FOR THE FISCAL YEAR BEGINNING ON OCTOBER 1, 2018 AND ENDING ON SEPTEMBER 30, 2019; APPROPRIATING MONEY FOR THE VARIOUS FUNDS AND PURPOSES OF SUCH BUDGET INCLUDING APPROPRIATIONS OF MONEY TO PAY INTEREST AND PRINCIPAL SINKING FUND REQUIREMENTS ON ALL INDEBTEDNESS; PROVIDING A SAVINGS AND SEVERABILITY CLAUSE; REPEALING ALL ORDINANCES AND APPROPRIATIONS IN CONFLICT WITH THE PROVISIONS OF THIS ORDINANCE; AND ESTABLISHING AN EFFECTIVE DATE.

Staff Comments: Jon Locke, Executive Director of Finance

On August 7, 2018, the City Manager presented the FY 2019 Proposed Annual Budget and Plan of Municipal Services to the City Council. On September 4th, the City held the first budget public hearing. On September 11th, a second budget public hearing was held. All operation funds in the budget are balanced. Operational fund revenues equal or exceed expenses with one exception: Aviation Fund will use \$184,585 in fund balance. With a majority vote being required by the Council to adopt the budget, staff's recommendation is to adopt the budget ordinance as presented, which includes two changes requested by City Council. The two changes include a reduction in Hill Country Transit's (the HOP) funding and providing a budget for a sanitary sewer service maintenance

program. Hill Country Transit's funding was reduced from \$455,749 to \$120,850, which equals the same level of funding provided in the FY 2018 adopted budget. The remaining \$334,899 was moved to a reserve appropriation account. A \$400,000 budget was also established for a sanitary sewer service maintenance program.

Motion was made by Councilmember Johnson to approve OR-18-009. Motion was seconded by Councilmember Fleming. The City Secretary called for a record vote:

Councilmember Nash-King - Aye

Councilmember Menking - Aye

Councilmember Rivera - Aye

Councilmember Harris - Nay

Councilmember Johnson - Aye

Councilmember Fleming - Aye

Motion carried 5 to 1, with Councilmember Harris in opposition.

OR-18-010 Consider a memorandum/resolution ratifying the property tax revenue increase reflected in the Annual Budget and Plan of Municipal Services for the fiscal year October 1, 2018, through September 30, 2019.

Staff comments: Jon Locke, Executive Director of Finance.

Adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. This vote is required even though the City's property tax rate will remain the same in FY 2019. The FY 2019 Budget will raise more property taxes than last year's budget by \$463,535. The property tax revenue to be raised from new property added to the tax roll this year is \$980,149. Staff's recommendation is to ratify the property tax revenue increase reflected in the Annual Budget and Plan of Municipal Services for the fiscal year October 1, 2018, through September 30, 2019 by approving the memorandum/resolution as presented.

Motion was made by Councilmember Johnson to approve OR-18-010. Motion was seconded by Councilmember Rivera. Motion carried unanimously.

OR-18-011A Consider a memorandum/resolution approving the maintenance and operations tax rate for Fiscal Year 2019.

Staff comments: Jon Locke, Executive Director of Finance.

The proposed tax rate is 74.98¢ per \$100 valuation. The maintenance and operations tax rate component is 53.53¢ per \$100 valuation. The maintenance and operation component will generate \$30,366,020 at the City's historical collection rate of 98%.

Motion was made by Councilmember Rivera to approve OR-18-011A. Motion was seconded by Councilmember Johnson. Motion carried unanimously.

OR-18-011B Consider a memorandum/resolution approving the interest and sinking tax rate for Fiscal Year 2019.

Staff comments: Jon Locke, Executive Director of Finance.

The proposed tax rate is 74.98¢ per \$100 valuation. The interest and sinking component of the tax rate is 21.45¢ per \$100 valuation. The interest and sinking component will generate \$12,178,032 at the City's historical collection rate of 98%.

Motion was made by Councilmember Rivera to approve OR-18-011B. Motion was seconded by Councilmember Fleming. Motion carried unanimously.

OR-18-012 Consider an ordinance setting the Tax Rate for Fiscal Year 2019.

The City Secretary read the caption of the ordinance.

AN ORDINANCE SETTING THE TAX RATE AND LEVYING A TAX UPON ALL PROPERTY SUBJECT TO TAXATION WITHIN THE CITY LIMITS OF THE CITY OF KILLEEN, TEXAS, FOR THE 2018 TAX YEAR AND FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF KILLEEN FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019; APPORTIONING SAID LEVY AMONG THE VARIOUS FUNDS AND ITEMS FOR WHICH REVENUE MUST BE RAISED INCLUDING PROVIDING A SINKING FUND FOR THE RETIREMENT OF THE BONDED DEBT OF THE CITY; AND ESTABLISHING AN EFFECTIVE DATE.

Staff comments: Jon Locke, Executive Director of Finance.

On August 21, 2018, at a City Council meeting, the Killeen City Council set the preliminary tax rate at the rate of 75.75¢ per \$100 valuation. The preliminary tax rate represents the maximum rate that can be adopted for the FY 2019 Budget. The effective tax rate for FY 2019 (2018 tax year) is 74.49¢. The rollback tax rate adjusted for sales tax for FY 2019 (2018 tax year) is 75.75¢. Staff recommends City Council approve the ordinance setting the FY 2019 tax rate at 74.98¢ per \$100 valuation.

Councilmember Rivera made a motion stating "I move that the property tax rate be increased by the adoption of a tax rate of \$0.7498, which is effectively a 0.66 percent increase in the tax rate." Motion was seconded by Councilmember Fleming.

The City Secretary called for a record vote:

Councilmember Nash-King - Aye

Councilmember Menking - Aye

Councilmember Rivera - Aye

Councilmember Harris - Nay

Councilmember Johnson - Aye

Councilmember Fleming - Aye

Motion carried 5 to 1, with Councilmember Harris in opposition.

Adjournment

With no further business, upon motion being made by Councilmember Menking, seconded by Councilmember Johnson, and unanimously approved, the meeting was adjourned at 5:25 p.m.